



## HOUSE BILL 1213: Rebate and Grant Program for AFVs

### BILL ANALYSIS

**Committee:** House Finance  
**Date:** August 7, 2001  
**Version:** 2<sup>nd</sup> Edition

**Introduced by:** Rep. Tolson  
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Committee Counsel

**SUMMARY:** *House Bill 1213 creates the Alternative Fuel Vehicle Rebate and Infrastructure Grant Program, funded by a \$1.00 increase in vehicle registration fees from January 1, 2002 through 2004 and by an additional \$1.00 increase from 2005 through 2011. The program would provide rebates to purchasers of AFVs and grants for the construction of AFV infrastructure projects.*

### BILL ANALYSIS:

#### What is an "alternative fuel vehicle?"

An alternative fuel vehicle is a vehicle that operates using a source other than gasoline or diesel fuel, such as electricity, natural gas, hydrogen, ethanol, methanol, or fuels derived from biological materials.

#### Who will administer the program?

The State Energy Office, which is a division of the Department of Administration, would administer the Alternative Fuel Rebate and Infrastructure Grant Program. Up to 5% of the funds collected would be shared by both the State Energy Office and DMV for administrative costs.

#### Who is eligible for a rebate?

Individuals, companies, businesses, corporations, and units of county or city government that lease or purchase alternative fuel vehicles, including public school buses. The State and federal fleets would not be eligible for rebates.

#### What is the amount of the rebate?

The amount of the rebate is based on a percentage of the difference in cost between the alternative fuel vehicle and a comparable conventional model. The percentage varies depending on the type of alternative fuel vehicle leased or purchased. For light-duty vehicles, the amount of the rebate is capped at \$5,000 per vehicle and \$30,000 annually per person. For heavy-duty vehicles, the rebate is capped at \$25,000 per vehicle and \$100,000 annually per person.

#### Who is eligible for a grant?

Individuals, companies, businesses, corporations, and units of county or city government that construct and maintain an alternative fuel vehicle infrastructure project, which includes fueling stations, fueling tanks, charging stations, and other equipment used to fuel AFVs. The State Energy Office will conduct a competitive selection process to determine grant recipients. Any residual funds are available to State agencies for infrastructure projects.

#### What are the eligibility criteria?

The State Energy Office will establish eligibility criteria. However, the bill specifically requires that the projects be publicly accessible, serve vehicles used by the public, or be for the public benefit by reducing harmful air emissions. Priority will be given to projects serving 10 or more vehicles. Priority will also be given for projects in counties at risk for non-attainment penalties under federal EPA regulations.

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## **What is the amount of the grant?**

A person is entitled to up to 50% of the cost of the project, subject to a maximum of \$500,000 per project. Additionally, a person is entitled to up to 75% of the cost of an ethanol infrastructure project, subject to a maximum of \$500,00 per project.

## **How are the rebates and grants funded?**

For the first 3 years of the program, the grants and rebates are funded from a \$1.00 increase in the vehicle registration fee for all vehicles. For the next 7 years, the program is funded from an additional \$1.00 increase, for a total of a \$2.00 increase during those 7 years. The program sunsets January 1, 2012.

## **What is the Education Fund?**

The State Energy Office may use up to 10% of the funds collected for the Alternative Fuel Vehicle Rebate and Infrastructure Grant Program to educate people about the advantages of AFVs.

## **Are there any study provisions in the bill?**

The bill directs the Department of Transportation to study the feasibility of allowing AFVs to use high-occupancy vehicle lanes and to have special parking privileges. The Department must report its findings and recommendations on these issues to the Joint Transportation Oversight Committee by June 1, 2002. This Committee is also directed to study the overall effectiveness of the program after ten years and report to the 2010, General Assembly, 2011 Regular Session.

**EFFECTIVE DATE:** The bill becomes effective January 1, 2002 and expires on January 1, 2012.

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